

The Reality Is Job Creation Is Big Business

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For as long as most of us can remember, we've taken pride in the high number of small businesses in our community, heralding them collectively as the progenitors of new economy and indicative of the spirit of the American business enterprise. While that makes for heart-warming stump speeches at political rallies and a good motivational speech to small-business booster groups, the truth of the matter is that small businesses — those with 10 or fewer employees — don't make the huge contribution to business growth that they are often given credit for doing. These small businesses are for the most part not the key to employing the millions of Americans that are currently out of work.

To be sure, small businesses are responsible for developing new technologies, products and services. They are relatively nimble, innovative, and not adverse to taking great risks.

Facing the Facts

According to a recent article in Bloomberg Business Week, the notion that small business is the force behind prosperity is not true and the longer the U.S. and other countries "cling to this myth," the harder it will be to carry out the kinds of economic policies that might actually stimulate job growth.

Most small employers, such as restaurateurs, craftsmen, professional service providers, and independent retailers, do not or cannot drop their prices to become more competitive as a result of growth. In fact, a majority of business owners say they don't intend to grow; they are in business for the flexibility and freedom. The article quotes a national survey that reported only 3 percent of companies with 10 or fewer employees actually added more than 10 employees between 2004 and 2008.

Refocusing resources to stimulate job growth needs to begin at the highest levels, including the White House and Congress. Last month, President Barack Obama, in rolling out his jobs plan, told Congress: "Everybody here knows that small businesses are where most new jobs begin." The misconception also exists on the other side of the aisle where House Speaker John Boehner referred to Obama's jobs plan as containing "job-killing small business tax hikes."

We all know — and appreciate — that San Diego is not Los Angeles or New York City. But we don't have those cities' number of large corporations that can create thousands of jobs at a time. For the most part, San Diego has been home to great numbers of employee-shy micro-companies. However, there's some light at the end of the tunnel. More and more companies are employing 10 or more workers and are even adding to those numbers as venture capitalists are beginning to open up their wallets and make bets on companies and their intellectual properties. The companies that are expanding their respective workforces are mainly in the fields of technology, principally life sciences, Internet, software, high-tech, and aerospace.

Of particular note is the recent growth spurt downtown of such companies and organizations, as CEOs and their younger employees discover the attractions of the area. Recently, those in the area include SweetLabs, Underground Elephant, Digitaria, ESET, and EvoNexus, which, by the way, provides free incubator space for technology startups. And, there is increased activity on the part of growing companies locating elsewhere in the county as well.

Clearing the Political Path

But more needs to be done to help companies grow to levels where they can positively influence job growth. The county and its 18 cities need to seek out these employers by making it attractive to locate in their respective cities. The cities need to streamline securing conditional use permits and other approvals and dispense with the

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“goofy” requirements that really have little if any positive impact on either the community or businesses looking to grow and expand.

One thing to keep in mind: As we look for ways to nurture the growth of small businesses into larger ones, we create opportunities for new and existing small businesses.

However, our economic future at the local and regional levels depends on the extent to which we help –existing companies grow into larger employers and –recruit larger companies to our region. These are the companies that provide the better-paying and stable jobs we want and need.

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